



U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed May 6, 2015


United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	Chapter 11
ERG Intermediate Holdings, LLC, <i>et al.</i> , ¹	§	Jointly Administered
Debtors.	§	Case No.: 15-31858-hdh-11

**ORDER (I) AUTHORIZING THE DEBTORS
TO PAY CERTAIN PREPETITION OBLIGATIONS ON ACCOUNT
OF ROYALTIES, OVERRIDING ROYALTY INTERESTS, WORKING INTEREST
OWNER PAYMENTS, AND SEVERANCE TAXES AND (II) AUTHORIZING BANKS
TO HONOR AND PROCESS RELATED CHECKS AND ELECTRONIC TRANSFERS**

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are ERG Intermediate Holdings, LLC (2521); ERG Resources, L.L.C. (0408); West Cat Canyon, L.L.C. (7377); ERG Interests, LLC (2081); and ERG Operating Company, LLC (7946). ERG Intermediate Holdings, LLC is the direct or indirect parent of each of its affiliated Debtors. The mailing address for each of the Debtors, with the exception of ERG Operating Company, LLC, is 333 Clay Street Suite 4400, Houston, TX 77002. The mailing address for ERG Operating Company, LLC is 4900 California Avenue Suite 300B, Bakersfield, CA 93309. The above addresses are listed solely for the purposes of notices and communications.

This matter coming before the Court on the Motion of the Debtors for an Order

(I) Authorizing Them to Pay Certain Prepetition Obligations on Account of Royalties, Overriding Royalty Interests, Working Interest Owner Payments and Severance Taxes and

(II) Authorizing Banks to Honor and Process Related Checks and Electronic Transfers

(the "Motion"),² filed by the above-captioned debtors (collectively, the "Debtors"); the Court having reviewed the Motion and the First Day Declaration and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the "Hearing"); the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this district pursuant to 28 U.S.C. § 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (iv) notice of the Motion and the Hearing was sufficient under the circumstances, (v) the payment of the Obligations on the terms and conditions set forth herein is necessary and appropriate to prevent serious disruptions to the Debtors' business operations that would potentially cause immediate and irreparable harm to the Debtors and to preserve the going concern value of the Debtors' businesses and the Debtors' estates for the benefit of all stakeholders and (vi) good cause exists to waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h) to the extent it is applicable; after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent specified in this Order.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

2. The Debtors are authorized, but not directed, to pay, honor or otherwise satisfy the Obligations solely with respect to the Debtors' Texas assets (the "Texas Obligations") in the ordinary course of their businesses and to take and apply such set-off rights as the Debtors are entitled to take against such Texas Obligations prior to paying same, provided that the amounts to satisfy such Texas Obligations shall not exceed the sum of (i) \$10,000 in the aggregate and (ii) any Texas Obligations related to Severance Taxes.

3. A hearing will be held on May 22, 2015 at 10:30 a.m. at the United States Bankruptcy Court for the Northern District of Texas to determine whether to authorize the Debtors to pay, honor or otherwise satisfy the remaining Obligations.

4. The Banks are authorized, when requested by the Debtors in the Debtors' sole discretion, to receive, process, honor and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to Obligations whether such checks were presented or fund transfer requests were submitted prior to or after the Petition Date, provided that funds are available in the Debtors' accounts to cover such checks and fund transfers. The Banks are authorized to rely on the Debtors' designation of any particular check or funds transfer as approved by this Order.

5. Nothing in the Motion or this Order, nor the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' rights to dispute any claim on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim against the Debtors is a claim from any of the Obligations; or (v) a request to assume any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

6. The relief granted herein is subject to any interim or final order of the Court authorizing the Debtors' use of a postpetition financing or cash collateral, as well as to any related budgets.

7. The requirements of Bankruptcy Rule 6003(b) have been satisfied with respect to the payments authorized by this Order.

8. Pursuant to Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

###END OF ORDER###

Submitted by:

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PROPOSED ATTORNEYS FOR DEBTORS